

Hon. Ricardo S. Martinez

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

MATTHEW G. KRANE,

Defendant

Nos. CR08-296-RSM
CR09-391-RSM

UNITED STATES'
SUPPLEMENTAL SENTENCING
MEMORANDUM

On May 16, 2011, the United States filed its Sentencing Memorandum in these matters, recommending a 50-month term of imprisonment for Matthew Krane. In that memorandum, the United States noted that Mr. Krane had yet to settle any of his tax liabilities or redress the wrong he committed against his former client, Haim Saban.

Since the time of the filing of the government's recommendation, the parties have reached a resolution of issues involving the QFS fees, i.e., approximately \$46.6 Million that were derived from the underlying fee scheme in this case; that were deposited in Austrian bank accounts controlled by Mr. Krane; and, that, as a result of certain civil litigation, had been frozen by the Austrian courts. Pursuant to a Master Agreement entered into by Matthew Krane, the United States Attorneys Office for the Western District of Washington, the Internal Revenue Service, the State of California Franchise Tax Board (a California taxing authority), and Haim Saban, Mr. Krane has agreed to settle all outstanding tax liabilities as well as his liabilities to Mr. Saban. Consistent with the Master Agreement, the QFS fees have now been repatriated to the United States and

are on deposit in the Registry of the Court. These funds will ultimately be distributed pursuant to the terms of the Master Agreement and a concomitant Order in full satisfaction of all indebtedness. The United States Treasury alone will recover approximately \$23 million in taxes and will avoid years of further litigation in order to recover the money.

Mr. Krane's level of cooperation and settlement of all the restitution issues prior to sentencing deserves credit. Acknowledgment of such efforts at sentencing will also provide encouragement to other defendants in similar situations to make whole aggrieved parties. Therefore, pursuant to the § 3553 factors, the United States revises its recommendation and urges the Court to sentence Mr. Krane to a total term of incarceration of 36 months, with credit for time already served, for both cases, followed by two years of supervised release.

DATED this 8th day of June, 2011.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on June 8, 2011, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system which will send notification of such filing to the attorney(s) of record for the defendant(s). I hereby certify that I have served the attorney(s) of record for the defendant(s) that are non CM/ECF participants via U.S. Mail.

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